

Musical Arts Association

The Cleveland Orchestra

2018/2019 Annual Meeting

Tuesday, November 5th, 2019

4:30-6:00pm

- Welcome and Call-to-Order,
Richard K. Smucker, *Board Chair*
- Nominating and Governance
Committee Report,
David J. Hooker, *Chair*
- Board Chair Report,
Richard K. Smucker, *Board Chair*
- President & CEO Report,
André Gremillet, *President & CEO*

Musical Performance & Keynote Speaker

- Musical Performance by students from the Cleveland School of the Arts alongside their Cleveland Orchestra Music Mentors
- Keynote, Eric Gordon, *CEO, Cleveland Metropolitan School District*

Keynote Address

Eric Gordon was appointed Chief Executive Officer of the Cleveland Metropolitan School District (CMSD) in June 2011 after serving as the district's Chief Academic Officer for four years. He is responsible for the leadership and daily management of Cleveland's 39,000-student school district. Mr. Gordon, together with Cleveland Mayor Frank G. Jackson and other business, philanthropic, and educational leaders, successfully lobbied Ohio legislators in 2012 to pass The Cleveland Plan, a revolutionary package of education reform legislation that was signed into law on July 2, 2012. The Cleveland Plan has received national attention for its strong bipartisan support and unprecedented collaborative process that united the people of Cleveland around a collective mission to transform their public school system. CEO Gordon was honored with the "Green-Garner Award" in 2016, naming him the Urban Educator of the Year, the highest honor available to an urban superintendent in the United States.



Mr. Gordon is active nationally in the implementation of the Common Core State Standards curriculum and in the implementation of Social and Emotional Learning Standards for children. He serves as a member of the Executive Committee for the Board of Directors for the "Council of the Great City Schools", a member organization representing more than 70 large urban districts across the United States. On July 1, 2019, Mr. Gordon began a one-year term as chair of the Council's Board of Directors. This year, Corporate College and Smart Business magazine honored him with a Smart 50 Award, given to the region's top executives.

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TODAY'S PERFORMERS

Cleveland School of the Arts

A Cleveland Orchestra music education program, *Music Mentors* provides high school students at Cleveland School of the Arts, in the Cleveland Metropolitan School District, with year-round private lessons and mentorship by Cleveland Orchestra musicians.

This afternoon, side-by-side with their Music Mentors, four Cleveland School of the Arts students will perform the first movement from *Symphonie XI No. 2* by Afro-French composer Chevalier de Saint-Georges (1729-1799).

Symphonie XI No. 2

Chevalier de Saint-Georges
I. Allegro Presto

STUDENT PERFORMERS

Darnell McMullen, *violin*
Anaiya Davis, *violin*
Raymond Parker, *viola*
Kendrick Johnson, *cello*

CLEVELAND ORCHESTRA MUSIC MENTORS

Kathleen Collins, *violin*
Beth Woodside, *violin*
Eliesha Nelson, *viola*
Alan Harrell, *cello*



Cleveland School of the Arts students onstage at Severance Hall with their Cleveland Orchestra Music Mentors

The Cleveland Orchestra's Music Mentors program is made possible by the generous support of The Sam J. Frankino Charitable Foundation.

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NOMINEES FOR ELECTION

Margot Copeland, Resident

Margot is the former Chair & CEO of the KeyBank Foundation. She also served as Executive Leader of The Greater Cleveland Roundtable and Leadership Cleveland. She started her career with Xerox, Polaroid, and Picker International.

She serves on the Board of Trustees for the Cleveland Clinic, Rock & Roll Hall of Fame and Museum, Say Yes to Education in New York, and has sat on several other Boards throughout her career including nine years at Kent State University as Board Secretary and Chair of Academic Excellence.

Margot earned a BS in Physics from Hampton University and an MA from The Ohio State University. She is the mother of three children and one grandchild.

Todd Diacon, Ex-Officio

Todd Diacon became Kent State University's 13th president in July 2019. A tireless advocate for student success, President Diacon has more than 30 years of experience in higher education leadership.

Diacon joined Kent State as provost in 2012. Prior to KSU, he served as deputy chancellor at the University of Massachusetts-Amherst. He began his career at the University of Tennessee.

A native of Wellington, Kansas, Dr. Diacon specializes in agrarian history and the history of central state power in Brazil. He earned his bachelor's degree from Southwestern College and master's and doctoral degrees from the University of Wisconsin-Madison.

Lisa Fedorovich, Ex-Officio

Lisa Fedorovich recently retired from a rewarding career of nearly 30 years; first, as a litigation attorney and later, at McKinsey & Company. Currently, she is leading her best life as a soprano in the Cleveland Orchestra Chorus, where she co-chairs the Chorus's Operating Committee.

At McKinsey, Lisa led external relations for McKinsey's flagship practice area, Strategy and Corporate Finance. She began her career with Thompson Hine and Squire, Sanders & Dempsey (now Squire Patton Boggs).

Today, Lisa is a trustee of Hathaway Brown School, and she is involved with Hope for Henry Foundation to improve the patient experience for critically ill children. When not studying her music and attempting to master complex rhythms and German Latin pronunciation, Lisa often can be found on an exercise bike in Hudson, Ohio, where she resides with her husband, Rick.

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Ben Pyne, National

Ben Pyne recently concluded a highly respected career at The Walt Disney Company. As President, Global Distribution, Disney Media Networks, Pyne worked with teams around the world to develop and grow media businesses in more than 240 territories. He also sat on Hulu's board of directors as a representative of Disney.

Mr. Pyne has a BA from Princeton University and an MBA from Harvard Business School. From 1985-90, he served as Orchestra Manager of the New Jersey Symphony. In addition to his own work at Pyne Media Group, he serves as a Senior Adviser to McKinsey's Consumer Technology and Media Group. Most recently, Mr. Pyne was asked by The Walt Disney Company to become the Independent Manager for the Fox Sports businesses in Brazil and Mexico. He lives in New York with his wife, Janet, and they have two sons aged 25 and 22.

John Warner, Resident

John Warner is a Senior Partner with McKinsey & Company. He is the Global Leader of their Energy and Materials Practice (representing 20% of the Firm) as well as their Chemicals and Agriculture Practice. In addition, he has led the Firm's Ohio Practice for many years.

John is currently Chairman of the Ohio Business Roundtable, having played a role in the Roundtable's initiatives in education, healthcare, fiscal policy, and energy. He grew up in Canton, Ohio and has a huge passion for Ohio.

John has an MBA from the Harvard Business School and a BA in Economics from the College of William and Mary. He resides in Shaker Heights with his wife, Kelly. They have three children. The two oldest graduated from Harvard University, with one working in private equity in Santa Monica and the other working in venture capital in Boston. Their youngest is a senior in high school at Avon Old Farms.

Tony Wynshaw-Boris, Resident

A native Clevelander, Tony Wynshaw-Boris received his degrees from Case Western Reserve University School of Medicine. He did his residency at Rainbow Babies and Children's Hospital, followed by a medical genetics fellowship at Boston Children's Hospital.

In 1994, Dr. Wynshaw-Boris set up a laboratory at the National Human Genome Research Institute of the NIH. In 1999, he moved to UCSD School of Medicine, and in 2007 moved to UCSF School of Medicine, where he was the Charles J. Epstein Professor of Human Genetics and Pediatrics, and the Chief of the Division of Medical Genetics in the Department of Pediatrics. In June 2013, he became the Chair of the Department of Genetics and Genome Sciences at CWRU.

Dr. Wynshaw-Boris is President-Elect of the American Society for Human Genetics for 2019, and will be President in 2020.

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Financial Position

2018/19

	(IN THOUSANDS)	(IN THOUSANDS)
	JUNE 30, 2019	JUNE 30, 2018
Cash and Cash Equivalents	\$ 802	\$ 1,567
Unspent Bond Proceeds	7,058	—
Accounts and Pledges Receivable	27,482	34,846
Other Assets	4,384	4,376
	<hr/> 40,086	<hr/> 40,789
Land, Buildings, and Equipment – net	41,711	42,744
Endowment		
Investments	205,658	191,459
Pledges Receivable	4,462	7,101
TOTAL ASSETS	<hr/> \$ 291,917	<hr/> \$ 282,093
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 6,629	\$ 6,267
Bonds Payable – net	34,916	27,695
Lines of Credit	4,900	4,284
Deferred Revenue	7,933	7,751
Accrued Pension and Other Retirement Benefits	26,049	18,895
Total Liabilities	<hr/> 80,427	<hr/> 64,892
Net Assets		
Without Donor Restrictions:		
Accumulated Operating Results	(4,602)	(12,214)
Board Designated and Other	13,978	32,235
	9,376	20,021
With Donor Restrictions	202,114	197,180
Total Net Assets	<hr/> 211,490	<hr/> 217,201
TOTAL LIABILITIES AND NET ASSETS	<hr/> \$ 291,917	<hr/> \$ 282,093

Endowment Activities

	(IN THOUSANDS)	(IN THOUSANDS)
	JUNE 30, 2019	JUNE 30, 2018
Pledges and Contributions	\$ 8,271	\$ 2,832
Investment Income (net of fees)	5,640	4,369
Net Realized and Unrealized Gains	3,994	12,050
Endowment Draw	(9,110)	(8,644)
Forgiven Endowment Borrowing	(7,558)	—
Net Assets Reclassified from Restrictions	—	(2,000)
Change in Endowment Net Assets	1,207	8,607
Net Assets – End of Year	209,257	200,650
Net Assets – Beginning of Year	210,464	209,257
Net Accrued Income and Expense	(4,806)	(17,798)
Endowment Investments – End of Year	<hr/> \$ 205,658	<hr/> \$ 191,459

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Operating Activities

	(IN THOUSANDS)					
	YEAR ENDED JUNE 30, 2019			YEAR ENDED JUNE 30, 2018		
	REVENUE	EXPENSE	MARGIN	REVENUE	EXPENSE	MARGIN
Total Fixed Expenses	\$ 151	\$ 34,960	\$ (34,809)	\$ 285	\$ 34,158	\$ (33,873)
Contributions from Operations						
Activities Using Orchestra Services	15,681	13,458	2,223	17,320	14,320	3,000
Media	203	505	(302)	92	491	(399)
Blossom Special Attractions	2,746	—	2,746	2,165	—	2,165
Non-Orchestra Activities	1,121	997	124	829	739	90
Total Operations	19,751	14,960	4,791	20,406	15,550	4,856
Annual Fundraising						
Annual Fund	10,455	2,417	8,038	10,122	2,892	7,230
Initiatives Funding	2,716	—	2,716	1,937	—	1,937
Government Grants	1,696	—	1,696	1,856	—	1,856
Volunteer Activities	1,769	653	1,116	1,366	419	947
Total Annual Fundraising	16,636	3,070	13,566	15,281	3,311	11,970
Endowment Draw	8,877	—	8,877	8,528	—	8,528
Subtotal	45,415	52,990	(7,575)	44,500	53,019	(8,519)
Second Century Incremental	160	—	160	1,274	—	1,274
Special Fundraising	168	—	168	838	—	838
Campaign Operating Funds	3,641	—	3,641	3,596	—	3,596
Unrestricted Bequests	3,630	—	3,630	1,500	—	1,500
TOTAL RESULTS	\$ 53,014	\$ 52,990	\$ 24	\$ 51,708	\$ 53,019	\$ (1,311)

Summary of Gifts

	JUNE 30, 2019	JUNE 30, 2018
Annual Fund	\$ 10,455,000	\$ 10,122,000
Corporations	1,820,000	1,676,000
Foundations	1,550,000	1,547,000
Trustees	2,649,000	2,337,000
Other Individuals	4,436,000	4,562,000
Special Fundraising	168,000	838,000
Initiatives Funding	2,716,000	1,937,000
Campaign Operating	3,641,000	3,596,000
Unrestricted Bequests	3,630,000	1,500,000
Second Century	160,000	2,316,000
Project Underwriting	821,000	1,346,000
Volunteer Support (net)	1,116,000	947,000
Government Grants	1,696,000	1,856,000
Subtotal, Operating	\$ 24,403,000	\$ 24,458,000
Endowment Gifts	11,359,000	5,131,000
Summary of Gifts	\$ 35,762,000	\$ 29,589,000

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THANK YOU

for bringing music to our community and the world!

The Cleveland Orchestra generated
\$135 million+
of sales in Northeast Ohio
in 2017-18



120+
concerts
every year

20%
of our
audience
is **25 & below**



1,292
jobs created in
2017-18 through
Orchestra-supported
activities at Blossom
& Severance Hall

... responsible for
\$60 million+
of annual income



The Cleveland Orchestra's 2019 Asia Tour

- 11 performances
- 7 cities
- 21 days
- 19th tour with Franz Welser-Möst



The Cleveland Orchestra Youth Orchestra's 2019 Europe Tour

- 4 performances
- 4 cities
- 7 days
- 3rd international COYO tour



\$54 million



annual
operating
budget
(over **60%**
contributed revenue)

42,000+

households reached
(*increased by
100% in 10 years*)

22,000+

free Under 18s
tickets
provided
in 2018-19



\$205 million
endowment



19 million+

reached
through
social media
across the
globe



15,000+

attended
Education
Concerts
in 2018-19



Special thanks to Trustee Gary Oatey for helping commission Case Western Reserve University's Economic Impact Study of The Cleveland Orchestra, which sourced some of these numbers.